

BANK OF COMMERCE – TRUST SERVICES DIVISION

**BANK OF COMMERCE DIVERSITY PESO BOND FUND**  
**KEY INFORMATION AND INVESTMENT DISCLOSURE STATEMENT**

For the Quarter ended 9/30/2017

**FUND FACTS**

<b>Classification</b>	<b>Peso Bond Fund</b>	<b>Net Asset Value per unit</b>	<b>1.546199</b>
<b>Launch Date</b>	March 9, 2005	<b>Total Fund NAV</b>	<b>PHP 5,511,278.06</b>
<b>Minimum Investment</b>	PhP 10,000.00	<b>Dealing Day</b>	11:30 AM
<b>Minimum Additional</b>	PhP 5,000.00	<b>Redemption Settlement</b>	T + 1
<b>Minimum Holding period</b>	30 days	<b>Early Redemption Fee</b>	5% on redeemed amount

**FEES\***

<b>TRUSTEE FEE: 1.00% p.a.</b>	<b>CUSTODIAN FEE:</b>	<b>EXTERNAL AUDITOR FEE:</b>	<b>OTHER FEES:</b>
*As a percentage of daily NAV	N/A	N/A	N/A

**INVESTMENT OBJECTIVE & STRATEGY**

The Fund intends to achieve for its participants total returns consisting of current income and capital growth. The Fund aims to achieve a rate of return higher than the 5-year yield based on the Philippine Dealing System Treasury Reference Rate 2 (PDST-R2).

**CLIENT SUITABILITY**

The Bank of Commerce Diversity Peso Bond Fund is suitable only for investors who:

- Have a MODERATE risk profile
- With an investment horizon of more than five (5) years

**KEY RISKS AND RISK MANAGEMENT**

You should not invest in this Fund if you do not understand or are not comfortable with the accompanying risks.

**Credit Risk/Default Risk.** The possibility for an investor to experience losses due to a borrower's failure to pay principal and/or interest payments/amortizations in a timely manner on instruments such as bonds, loans, or other forms of security which the borrower issued.

**Interest Rate Risk.** The possibility that an investor may experience losses due to changes in interest rates.

**Market / Price Risk.** The possibility that an investor may experience losses due to changes in market prices of securities (e.g., bonds and equities).

**Liquidity Risk:** The possibility that an investor may experience losses due to the inability to sell or convert assets into cash immediately or in instances where conversion to cash is possible but at a loss.

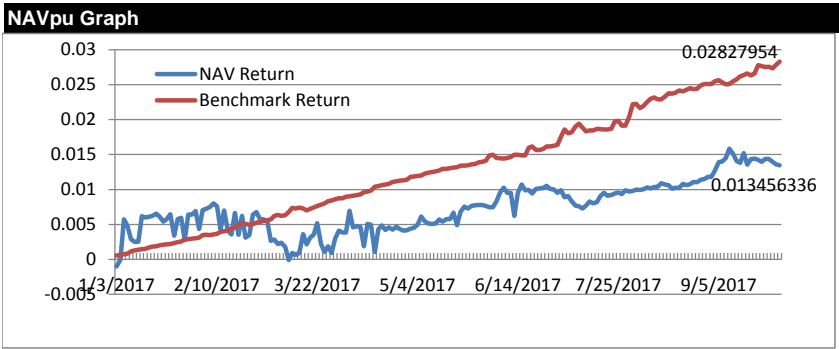
**Reinvestment Risks.** The possibility that an investor may experience losses due to probable lower returns or earnings when maturing funds or the interest earnings of the Fund are reinvested.

**Country Risk.** The possibility that an investor may experience losses arising from investments in securities issued by/in foreign countries due to the political, economic and social structures of such countries.

- THE UIT FUND IS NOT A DEPOSIT AND NOT INSURED BY PHILIPPINE DEPOSIT INSURANCE CORPORATION (PDIC).
- RETURNS CANNOT BE GUARANTEED AND HISTORICAL NAVPU IS FOR ILLUSTRATION OF NAVPU MOVEMENT/FLUCTUATIONS ONLY.
- WHEN REDEEMING, THE PROCEEDS MAY BE WORTH LESS THAN THE ORIGINAL INVESTMENT AND ANY LOSSES WILL BE SOLELY FOR THE ACCOUNT OF THE CLIENT.
- THE TRUSTEE IS NOT LIABLE FOR ANY LOSS UNLESS UPON WILLFUL DEFAULT, BAD FAITH OR GROSS NEGLIGENCE.

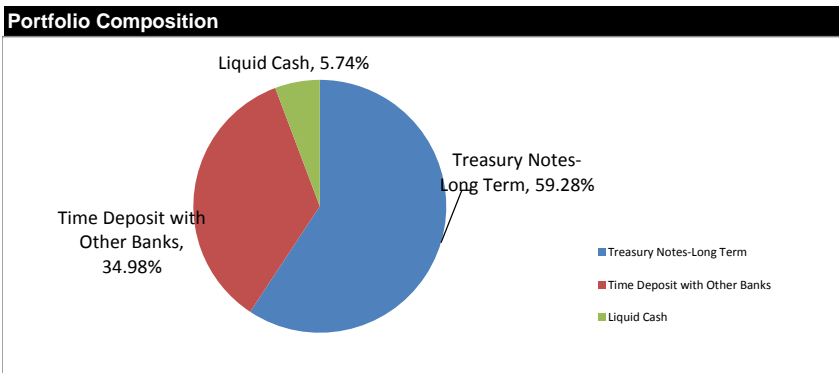
For queries, contact us via email at [trustmarketing@bankcom.com.ph](mailto:trustmarketing@bankcom.com.ph)  
Tel No. 214-8800; Fax: 477-5552

**FUND PERFORMANCE AND STATISTICS AS OF 09/30/17**  
(Purely for reference purposes and is not a guarantee of future results)



**Cumulative Performance (%)**

Period	1mo	3mos	6mos	1yr	3yrs
Fund	1.1484%	0.9537%	0.3845%	0.2427%	8.4131%
Benchmark	2.7014%	2.2260%	2.4245%	1.9057%	2.2000%



**OTHER DISCLOSURES**

**RELATED PARTY TRANSACTIONS**

**OUTLOOK AND STRATEGY**

The government expects to raise P15 billion in its October 18 auction. The BTr is reissuing in its October 5 auction a 7-year bond originally offered at 4.5% coupon rate which posted at 4.51% average yield when offered again in the market last August. As expected the demand is present in the market but at a higher yield. Treasury bond yield is expected to slightly increase in the upcoming auction rate as investors expect for a third rate hike in the US.

Overall, the government plans to source up to Php150billion from domestic market for the last quarter of the 2017, a 23% decrease from the total fund sourced in the third quarter of 2016 which was valued at Php195 billion.

As for corporate bonds, SMC Global Power, the power generation arm of San Miguel Corporation will start its offering of Php20 billion worth of Fixed Rate Bond by November. SMC Global Power is considered as one of the largest power companies in the Philippines. The bond offering will be in 3 series: 5-year due 2022, 7-year due 2024 and 10-year due 2027.

The fund is slowly, deploying its liquid position to higher yielding to medium-term instruments.

**NAVpu over the past 12 months**

Highest	1.566244
Lowest	1.517286

**Statistics**

Wtd. Ave. Duration	4.84
Volatility, Past 1 Year*	0.38
Sharpe Ratio**	(1.11)
Information Ratio***	(2.73)

\*Volatility measures fluctuation in yield.  
\*\*Sharpe ratio evaluates return-to-risk efficiency of the portfolio. The higher the value, the higher the reward per unit of risk.  
\*\*\*Information ratio evaluates return-to-risk efficiency of the portfolio

**Top Ten Holdings (%)**

Holdings	Weight
Treasury Notes-Long Term	59.28%
Time Deposit with Other Banks	34.98%
Liquid Cash	5.74%
<b>TOTAL</b>	<b>100.00%</b>